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Teledyne RESON A/S

Fabriksvangen 13 3550 Slangerup CVR No. 56675817

Annual report 2022

The Annual General Meeting adopted the annual report on 27.06.2023

Ole Søe-Pedersen

Chairman of the General Meeting

Contents

Entity details	2
Statement by Management	3
Independent auditor's report	4
Management commentary	7
Income statement for 2022	15
Balance sheet at 31.12.2022	16
Statement of changes in equity for 2022	18
Notes	19
Accounting policies	24

Entity details

Entity

Teledyne RESON A/S Fabriksvangen 13 3550 Slangerup

Business Registration No.: 56675817 Registered office: Frederikssund

Financial year: 01.01.2022 - 31.12.2022

Board of Directors

Susan Lee Main, Chairman Melanie Susan Cibik Ole Søe-Pedersen

Executive Board

Ole Søe-Pedersen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6 2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Teledyne RESON A/S for the financial year 01.01.2022 - 31.12.2022.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Slangerup, 27.06.2023

Executive Board

Ole Søe-Pedersen

Board of Directors

Susan Lee Main Chairman **Melanie Susan Cibik**

Ole Søe-Pedersen

Independent auditor's report

To the shareholder of Teledyne RESON A/S

Opinion

We have audited the financial statements of Teledyne RESON A/S for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 27.06.2023

Deloitte

Statsautoriseret Revisionspartnerselskab CVR No. 33963556

Henrik Wolff Mikkelsen

State Authorised Public Accountant Identification No (MNE) mne33747

Management commentary

Financial highlights

	2022	2021	2020	2019	2018
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Revenue	468,821	427,217	418,332	385,505	364,025
Gross profit/loss	131,376	147,248	125,303	112,286	148,979
Operating profit/loss	62,149	71,842	64,289	36,659	91,838
Net financials	6,135	7,081	(4,646)	17,794	76,588
Profit/loss for the year	53,265	61,551	54,982	49,058	170,293
Total assets	387,365	689,967	635,680	557,062	448,791
Investments in property, plant and equipment	1,332	2,238	3,883	1,692	2,614
Equity	284,992	616,727	555,176	500,194	383,563
Average number of employees	129	126	129	136	121
Ratios					
Gross margin (%)	28.02	34.47	29.95	29.13	40.93
EBIT margin (%)	13.26	16.82	15.37	9.51	25.23
Net margin (%)	11.36	14.41	13.14	12.73	46.78
Return on equity (%)	11.81	10.50	10.42	11.10	56.81
Equity ratio (%)	73.57	89.38	87.34	89.79	85.47

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Gross margin (%):

Gross profit/loss * 100

Revenue

EBIT margin (%):

Operating profit/loss * 100

Revenue

Net margin (%):

Profit/loss for the year * 100

Revenue

Return on equity (%):

Profit/loss for the year * 100

Average equity

Equity ratio (%):

<u>Equity * 100</u>

Total assets

Primary activities

Teledyne RESON A/S develops, manufactures, and distributes navigation and underwater acoustic systems and solutions. This requires extensive activities within research and development of new products, ensuring high product quality and development of market opportunities and requires a comprehensive support of the system users. Quality and performance is key for the company and a driver in ensuring its high market share.

The product program comprises navigation systems and multi-beam sonar systems for shallow, medium and deep water applications, software for sonar systems, hydrophones, transducers, dredge systems and a number of peripheral products. In recent years Al and Machine Learning algorithms have been in the center of our software development programs.

The market areas are hydrography, offshore, research, civil engineering & dredge and defense & security. Teledyne RESON A/S continuously ensures that relevant products and services are developed for these markets. The solutions, products and services are distributed to the customers through Teledyne RESON A/S' own sales company and through distributors all around the world.

The company is a fully owned entity of the American technology company Teledyne Technologies Inc., organized in its Marine section and through this Teledyne RESON A/S is part of a family of technology companies supplying some of the world's leading high-tech solutions to the marine industry worldwide.

Development in activities and finances

The income statement of the Company for 2022 shows a profit of TDKK 53,265 and at 31 December 2022 the balance sheet of the Company shows an equity of TDKK 284,992.

Profit/loss for the year in relation to expected developments

The financial performance for 2022 has been as expected, which has resulted in an operating profit of TDKK 62,149 for 2022 compared to an operating profit of TDKK 71,842 in 2021. The reduced result is due to changed sales mix and higher expenses.

Outlook

The commercial market is expected to be in same level in 2023 as in 2022, whereas the activity level around defense is expected to pick up. With the great sales in 2022 we expect to be able to achieve TDKK 460.000 – TDKK 470.000 in revenue for 2023. We are continuing our successful roll out of new product solutions in 2023. All new products and solutions are very well received by the markets and keeps Teledyne RESON A/S as the lead manufacturer of underwater technology. With this we are expecting operating profit in 2023 around TDKK 59,000 - TDKK 65.000 compared to operating profit in 2022 of TDKK 62,149.

Particular risks

Operating risks

The company has generally covered all raw material deliveries with long term supply agreements with key suppliers. And we are on an ongoing basis observing supply of key components. The supply situation is therefore well managed and risk measures are well defined in case of a change in supply.

Market risks

We are closely monitoring our competitors' movements and securing that our product offerings are competitive. At the same time the supply situation has significantly improved over the past 12 months.

Foreign exchange risks

The company is operating on a global market scale. Buying from suppliers in different countries and selling to customers all over the world. We are therefore exposed to changes in foreign currency rates, and the company is on a monthly basis balancing the risks through a natural hedge stemming from balanced buying and selling in different currencies and active through financial hedging instruments.

Knowledge resources

Development, production and marketing of high-tech marine technology is requiring that we have the right know-how in-house. Attracting and retaining that know how is key for Teledyne RESON and we constantly secure employee development and that we are recruiting the required personnel.

Research and development activities

The research and development activities cover both underwater acoustics and gyro technology for inertial navigation system. We cover hardware, software, solutions and services when developing new applications for our markets.

In recent years, the company has invested in new products and application, to secure that we hold our lead positions in the market for sonar and navigation systems. Technology evolves fast and requires us to constantly move our products in the right direction, among other with artificial intelligence and machine learning algorithms. This is done parallel with the delivery of customer-specific projects and solutions. On top of this the company has moved technologies from affiliated companies into the Danish site, with further product improvements and stabilization in the tail of it. This has strengthened the entire product portfolio and enhanced the company's position against competition.

Statutory report on corporate social responsibility

Business model

Teledyne RESON's business model is to develop, manufacture and sell products and solutions. The products are primarily sold to the maritime segment and mainly exported. We refer to the section for Primary activities.

Acting in compliance with all applicable laws and regulations is key for Teledyne RESON.

Given that most we manufacture is being exported, compliance with laws and regulations relating to import and export of products, software and technology is a specific focus area. We have a strong compliance program that meet the EU Commission recommendation on internal compliance programs for dual-use trade controls. By applying our trade compliance policies, procedures and systems, we ensure that products, software and technology are only exported after completion of proper export reviews and in accordance with Danish, EU and US export control regulation. We also ensure that all our business partners, including all customers, end-users and suppliers (companies as well as individuals), are continuously screened against sanctions lists of the United Nations, European Union or United States of America to avoid that we transact with any sanctioned party, etc. We have specific focus on ensuring that our products will not be used for prohibited purposes and in violation of human rights.

All staff involved in international transactions receive annual export control training relevant for their function to ensure that compliance is not only a focus area of management and the compliance department but something the entire organization understands that export compliance, including that export control is a key prerequisite in everything we do. Compliance with export control regulation and Teledyne requirements are also a key requirement in contracts with our sales channels, customers and suppliers.

With the Russian invasion of Ukraine in February 2022, and the sanctions that were adopted overnight, we saw the value of having a well-functioning trade compliance program and organization, enabling us to react immediately to new sanctions regimes and geopolitical risk. We work diligently to avoid that our products are being diverted to sanctioned users in conflict with the international sanction regime.

Policy on corporate social responsibility

Regarding § 99 a of the Danish Financial Statements Act, Teledyne RESON A/S and the Teledyne Group have implemented a standard of values as an integral part of its business strategy. It is based on the company's and the group's four core values - Integrity, Respect, Responsibility, and Citizenship – which guide the decisions we make as an organization. The standard of values covers central areas of the company's operations and is communicated to staff regularly to ensure that our business operations and activities are conducted in a financially, socially and environmentally responsible manner.

The standard of values defines the overall parameters for the group's Code of Conduct in relation to customers, suppliers and staff and compliance with the standard of values is evaluated regularly in connection with staff appraisal interviews and meetings with customers and suppliers. Moreover, all staff members, as well as the company's third-party sales channels, have signed the Group's Code of Conduct or Code of Conduct for Third Party Providers (as applicable) to ensure that the company, both in its communication and actions, is perceived as a serious and socially responsible enterprise.

Teledyne's Code of Conduct for Service Providers requires strict compliance with all applicable laws and regulations and contractual requirements. It prohibits any form of corruption in any jurisdiction, whether carried out directly or indirectly. It similarly prohibits any involvement in or facilitation of tax evasion. It prohibits discrimination and harassment and requires third parties to heed local employment regulations, such as minimum working age, minimum wage, maximum working hours, overtime, and benefits. It specifically prohibits any involvement in or facilitation of any forced or involuntary labor or child labor or slavery or human trafficking. It requires service providers to maintain safe workplaces that are free from illegal drugs. Service providers also must maintain their businesses in an environmentally responsible manner and prudently use natural resources and prevent harm to the environment. Other topics covered include avoidance of conflicts of interest, the need to comply with international trade laws, avoidance of conflict minerals, avoidance of counterfeit parts, the need to comply with accounting rules, protection of intellectual property, the importance of reporting only accurate technical information, avoidance of insider trading and avoidance of anticompetitive behavior. Service providers are also required to educate their employees on these requirements and to ensure that their suppliers comply with these requirements as well.

Employees and third parties doing business for or with the company may – and are encouraged to – report, without fear of retaliation, any ethical concern or suspected misconduct to management, to the company's ethics officer, online at www.teledyne.ethicspoint.com or by calling the Teledyne's Ethics Hotline.

Social considerations

Social commitment and responsibility is high on the company's agenda, and we keep this in focus and are very aware of our social obligations with regards to everything from balancing on gender and securing a safe and proper workplace. We expect this of our own company and the companies we are working with externally.

We have in 2022 modernized our manufacturing areas to ensure that company itself continues to meet these expectations.

Like previous years, Teledyne RESON A/S made in 2022 donations to Danmarks-Indsamling and Knæk Cancer.

We also invested in the provision of hydrographic imagery of the canals that the participants should swim through the sports event "Christiansborg Rundt"

Health & Safety

Teledyne RESON A/S believes that all work can be performed incident and injury-free and encourages its employees to report all work injuries, near misses, dangerous observations, and hazard spots, which are recorded and tracked in safety statistics. All reported Health & Safety incidents and observations are investigated, and mitigation actions implemented to avoid future incidents. As an example of the measures, we use in order to ensure a constant safety focus across the organization, we start all larger meetings with a safety moment.

The company categorizes, depending on severity, work injuries as DAWs (Days Away from Work), Restricted Work Cases, Medical Treatment Cases (beyond local first aid) and Local First Aid Cases. In 2022, Teledyne RESON A/S only had one Local First Aid Case (and no more serious injuries) and sees a continuous improvement in the number of work injuries over the past years. Even though we work towards achieving zero work injuries, the safety performance in 2022 is satisfactory to the company.

Environment and climate

It is Teledyne RESON A/S' policy to continue to minimize the use of environmentally sensitive materials in accordance with environmental requirements and legislation as and when new products are launched on the market. However, it is our assessment that the company's products and production processes do not negatively impact the environment or climate. To the contrary, our products and technologies contribute to the study of climate change and the monitoring of the health of our oceans.

The company works actively to reduce the amount of waste we generate and energy consumption.

In order to support the green transportation transition, we have in 2022 installed power charging stations at our facility making it possible for employees to charge their cars when at work.

Human rights

Teledyne RESON complies with international declarations on human and labor rights. Wages reflect the employee qualifications and comply with local wage agreements. We do not accept any form of forced labor or child labor under any circumstances. These principles are also a parameter in our suppliers' and subcontractors' selection process.

We do not tolerate employee discrimination or harassment and actively encourages employees to report any such incidents to ensure that any such incident can be fully investigated and sanctioned. We are committed to providing equal opportunities to all employees, regardless of gender, age, ethnic background, religious beliefs, handicap, political and sexual orientation.

Anti-bribery and corruption

As Teledyne RESON operates on the European market and mainly in Western Europe, we do not believe that we are considerably exposed to risks of corruption and bribery in connection with our sales and distribution channels.

Irrespectively, the company, as part of the Teledyne Group, maintains an anti-corruption program with core elements of an effective compliance program, including tone at the top, risk assessment, written policies and procedures, effective training and education, effective lines of communication, internal monitoring and auditing, and enforcement. The program and its requirements apply to our employees and to third parties who act on the

company's behalf.

As specified above, we also require that our third-party sales channel sign and commit to abide to Teledyne's Code of Conduct for Service Providers which requires strict compliance with all applicable laws and regulations and contractual requirements. In particular, it prohibits any form of corruption in any jurisdiction, whether carried out directly or indirectly. All third-party sales channels are required to complete Teledyne's anti-corruption training and to repeat it every three years and they are also required to educate their employees on Teledyne's anti-corruption requirements and to ensure that their suppliers comply with these requirements as well.

Teledyne RESON A/S has not in 2022 been exposed to bribery or corruption.

Statutory report on the underrepresented gender

Teledyne RESON A/S is working focused on having a balanced gender distribution in the company. We believe that a greater diversity will have a positive impact in the company. We are encouraging applications from all and welcome them on equal basis. We seek to recruit candidates with the best profiles and qualifications for the company regardless of their gender.

We are a technology company, where a large amount of our employees has a technical and engineering educational background. Those educations are underrepresenting the female gender, but despite of this, we have achieved a balance where possible.

Currently, the Board of Directors consists of two female and one male director, and the company meets the requirements in relation to the underrepresented gender.

On management level, currently 24% of employees are female, which is above the company's target figure of 20%. 22% of our entire workforce is female which is a 1% improvement since 2021.

The company has focus on the opportunities for underrepresented gender at management levels. In relation to job postings and hirings, the company ensures, whenever possible, to have at least one candidate from each gender for the final interview process for a job.

Statutory report on data ethics policy

Accurate technical information is essential to Teledyne RESON A/S' business operations. We rely on accurate data in the development and manufacture of high-quality products.

As a trusted supplier and business partner, providing accurate and correct technical data to our customers is fundamental. Technical information we provide to our customers must always be accurate and useful. We do not accept any recording or reporting of false, inapplicable, misleading or inaccurate technical data and condone such activities. All testing that is identified by company procedures or documented in written agreements with customers must be performed to the full extent of our capability. All records must accurately match all test data and shall reflect actual measurements within the capability of the equipment and methods in use. When it comes to collection of data, the company strive to limit collected data to data strictly needed for business purposes. This both apply to employee data, customer data and data of other third parties. Similarly, we only share data where there is a specific and justified basis for such sharing and only when there is a legal basis for such sharing of data.

When we are entrusted with customers' and other third parties' data and proprietary or confidential

information, we ensure to protect such proprietary or confidential information with not less security than how we protect our own proprietary information.

With respect to new technologies, the company recognize that the capabilities of ChatGPT and other AI tools that generate text and answer questions on a variety of topics are exciting and may seem useful and efficient, however, the company strictly prohibits (at least for now) the use by employees of ChatGPT or other AI generative tools for any and all company business purposes due to legal, compliance and ethical issues associated with the technology, including potential data privacy, intellectual property and plagiarism concerns.

Events after the balance sheet date

No events have occurred after the balance sheet date, which would influence the evaluation of the annual report. However, the current Ukraine crisis cause increased uncertainty in market, including the supply chain conditions. The market and consumer situation will be monitored closely, and if any negative impact will be experienced, management will react accordingly.

Income statement for 2022

		2022	2021
	Notes	DKK'000	DKK '000
Revenue	2	468,821	427,217
Production costs		(337,445)	(279,969)
Gross profit/loss		131,376	147,248
Distribution costs		(34,605)	(33,897)
Administrative expenses	3	(36,206)	(41,509)
Other operating income		1,584	0
Operating profit/loss		62,149	71,842
Other financial income	5	8,542	10,169
Other financial expenses	6	(2,407)	(3,088)
Profit/loss before tax		68,284	78,923
Tax on profit/loss for the year	7	(15,019)	(17,372)
Profit/loss for the year	8	53,265	61,551

Balance sheet at 31.12.2022

Assets

ASSELS		2022	2021
	Notes	DKK'000	DKK'000
Completed development projects	10	29,881	32,985
Acquired licences		11,135	14,810
Goodwill		3,802	18,183
Intangible assets	9	44,818	65,978
Land and buildings		8,613	8,730
Plant and machinery		1,394	2,033
Other fixtures and fittings, tools and equipment		2,396	2,908
Property, plant and equipment	11	12,403	13,671
Investments in group enterprises		16,763	16,763
Deposits		880	765
Financial assets	12	17,643	17,528
Fixed assets		74,864	97,177
Raw materials and consumables		44,129	31,824
Work in progress		11,570	13,721
Manufactured goods and goods for resale		24,451	25,913
Inventories		80,150	71,458
Trade receivables		77,971	42,574
Contract work in progress		15,901	7,570
Receivables from group enterprises		95,240	413,484
Deferred tax	13	5,725	14,239
Other receivables		2,064	4,857
Tax receivable		113	5,285
Prepayments	14	2,658	6,161
Receivables		199,672	494,170
Cash		32,679	27,162
Current assets		312,501	592,790
Assets		387,365	689,967

Equity and liabilities

	2022	2021
Notes	DKK'000	DKK'000
15	109,796	109,796
	23,306	25,728
	91,890	96,203
	60,000	385,000
	284,992	616,727
16	1,628	1,470
	1,628	1,470
	14,440	4,599
	63,523	36,942
	8,439	4,527
	0	6,898
17	10,839	15,384
18	3,504	3,420
	100,745	71,770
	100,745	71,770
	387,365	689,967
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19		
20		
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22		
	16 17 18 1 1 4 19 20 21	Notes DKK'000 15 109,796 23,306 91,890 60,000 284,992 16 1,628 1,628 14,440 63,523 8,439 0 17 10,839 18 3,504 100,745 100,745 387,365

Statement of changes in equity for 2022

	Contributed capital DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	109,796	25,728	96,203	385,000	616,727
Ordinary dividend paid	0	0	0	(385,000)	(385,000)
Transfer to reserves	0	(2,422)	2,422	0	0
Profit/loss for the year	0	0	(6,735)	60,000	53,265
Equity end of year	109,796	23,306	91,890	60,000	284,992

Teledyne RESON A/S | Notes 19

Notes

1 Events after the balance sheet date

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

2 Revenue

	2022	2021 DKK'000
	DKK'000	
Denmark	39,557	8,325
Exports	429,264	418,892
Total revenue by geographical market	468,821	427,217
Underwater Acoustics	468,821	427,217
Total revenue by activity	468,821	427,217

3 Fees to the auditor appointed by the Annual General Meeting

	2022	2021
	DKK'000	DKK'000
Statutory audit services	526	496
Tax services	161	438
Other services	45	53
	732	987

4 Staff costs

	2022	2021
	DKK'000	DKK'000
Wages and salaries	86,998	88,733
Pension costs	7,264	7,070
Other social security costs	5,702	4,013
	99,964	99,816
Staff costs classified as assets	(5,411)	(7,125)
	94,553	92,691
Average number of full-time employees	129	126

Referring to section 98 b(3) of the Danish Financial Statements Act, remuneration of the Board of Executives and the Board of Directors have not been disclosed.

Teledyne RESON A/S | Notes 20

5 Other financial income

5 Other financial income	2022	2021
	DKK'000	DKK'000
Financial income from group enterprises	8,353	10,051
Other interest income	189	118
	8,542	10,169
6 Other financial expenses		
	2022	2021
	DKK'000	DKK'000
Exchange rate adjustments	1,988	2,692
Other financial expenses	419	396
	2,407	3,088
7 Tax on profit/loss for the year		
	2022	2021
	DKK'000	DKK'000
Current tax	6,506	6,898
Change in deferred tax	8,513	10,474
	15,019	17,372
8 Proposed distribution of profit and loss		
	2022	2021
	DKK'000	DKK'000
Ordinary dividend for the financial year	60,000	385,000
Retained earnings	(6,735)	(323,449)
	53,265	61,551

9 Intangible assets

	Completed development projects DKK'000	Acquired licences DKK'000	Goodwill DKK'000
Cost beginning of year	102,583	37,579	67,573
Addition through business combinations etc	0	0	1,406
Additions	7,931	0	0
Cost end of year	110,514	37,579	68,979
Amortisation and impairment losses beginning of year	(69,598)	(22,769)	(49,390)
Amortisation for the year	(11,035)	(3,675)	(15,787)
Amortisation and impairment losses end of year	(80,633)	(26,444)	(65,177)
Carrying amount end of year	29,881	11,135	3,802

Teledyne RESON A/S | Notes 21

10 Development projects

The Company has in 2022 capitalised TDKK 7,931 in completed development projects. The technology is incorporated in future product portfolio.

11 Property, plant and equipment

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	16,321	9,098	32,953
Additions	0	0	1,332
Disposals	0	0	(476)
Cost end of year	16,321	9,098	33,809
Depreciation and impairment losses beginning of year	(7,591)	(7,065)	(30,045)
Depreciation for the year	(117)	(639)	(1,783)
Reversal regarding disposals	0	0	415
Depreciation and impairment losses end of year	(7,708)	(7,704)	(31,413)
Carrying amount end of year	8,613	1,394	2,396

12 Financial assets

	Investments	Deposits DKK'000
	in group	
	enterprises DKK'000	
Cost beginning of year	16,763	765
Additions	0	115
Cost end of year	16,763	880
Carrying amount end of year	16,763	880

			Equity		
		Corporate	interest	Equity	Profit/loss
Investments in subsidiaries	Registered in	form	%	DKK'000	DKK'000
Teledyne RESON Inc.	USA	Inc.	100	51,938	5,771

13 Deferred tax

	2022	2021
Changes during the year	DKK'000	DKK'000
Beginning of year	14,239	24,713
Recognised in the income statement	(8,514)	(10,474)
End of year	5,725	14,239

Deferred tax assets

Deferred tax assets are measured at net realisable value, and are based on Management's best estimate of the ability to use losses carried forward within a 3 years period.

14 Prepayments

Prepayments consist of insurance, subscription fees, etc. in respect of subsequent financial years.

15 Share capital

The share capital consist of 109,796,492 shares of a nominal value of DKK 1. No shares carry any special rights.

16 Other provisions

Statement of warranty commitments is based on an estimate which includes historical data about the individual type of costs adjusted for the development in revenue.

17 Other payables

	2022	2021
	DKK'000	DKK'000
VAT and duties	0	2,215
Wages and salaries, personal income taxes, social security costs, etc payable	4,845	5,944
Holiday pay obligation	3,537	3,561
Other costs payable	2,457	3,664
	10,839	15,384

18 Deferred income

Short-term deferred income include deferred revenue.

19 Unrecognised rental and lease commitments

	2022	2021
	DKK'000	DKK'000
Liabilities under rental or lease agreements until maturity in total	1,137	1,129

20 Contingent liabilities

The company has bank guarantees and payment bonds worth TDKK 6,327 (TDKK 6,171 as of 31 December 2021) as security in favour of customers and suppliers.

In addition, the company is from time-to-time involved in disputes that are normal for its business. The outcome of ongoing disputes is not expected to have any significant impact on the company's financial position.

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these entities.

21 Transactions with related parties

No disclosures of transactions with related parties as Management believes that all transactions with related parties have been carried out on arms length basis.

22 Group relations

The company is directly owned by Rhombi Holdings Limited, United Kingdom, and is ultimately owned by Teledyne Technologies Inc., USA.

Name and registered office of the Parent preparing consolidated financial statements for the largest group: Teledyne Technologies Inc. Thousand Oaks, California, USA. Adress: 1049 Camino Dos Rios, Thousand Oaks, CA 91360, USA

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: Teledyne Technologies Inc. Thousand Oaks, California, USA. Adress: 1049 Camino Dos Rios, Thousand Oaks, CA 91360, USA

The Group Annual Report of Teledyne Technologies Inc. may be obtained at the following address: www.teledyne.com.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 112(2) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

The Financial Statement for Teledyne RESON A/S and affiliated subsidiaries are included in the consolidated financial statements for Teledyne Technologies Inc, US.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the

income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Production costs

Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes ordinary write-down of inventories.

Further, provisions for loss on contract work in progress are recognised under production costs.

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment involved in the distribution process.

Administrative expenses

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions.

Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The amortisation period is usually five years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc

Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. The amortisation period used is 5 years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. Development projects are written down to the lower of recoverable amount and carrying amount.

Acquired licences relates to intangible assets acquired from group enterprises and follows the original straight-lined amortisation plan, which is:

Customer relations 5 years - 12 years

Proprietary Technology 10 years Trade names 10 years

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Buildings	50 years
Plant and machinery	5 years
Other fixtures and fittings, tools and equipment	3-10 years

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in group enterprises

Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal values less provision for bad debts.

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet in receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Deferred tax assets which are not expected utilised within 3 years have been disclosed in notes under contingent assets.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost. Prepayments received from customers comprise amounts received from customer prior to delivery of the goods agreed or completion of the service agreed.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

Referring to section 86, part 4 of the Danish Financial statements Act., Teledyne Reson A/S has not prepared any cash flow statement.